

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE SUPPLUS LINE ASSOCIATION OF WASHINGTON  
AND  
THE WASHINGTON STATE OFFICE OF INSURANCE COMMISSIONER**

This Memorandum of Understanding ("Memorandum") is made and entered into as of April 1, 2010, between the Surplus Line Association of Washington ("Association") and the Washington State Office of Insurance Commissioner ("OIC"). It is subject to, and controlled by, applicable laws of the state of Washington.

The Association is a nonprofit corporation formed, in part, to encourage and facilitate compliance by its member brokers with the laws of the state of Washington relative to surplus line insurance transactions, and with the rules and regulations of the OIC relative to surplus line insurance. The OIC regulates the business of insurance in the state of Washington and has supervisory and regulatory responsibility over those persons and entities engaged in the business of insurance in the state of Washington, or affecting subjects located wholly or partially within the state of Washington.

**1. PURPOSE.**

The purpose of this Memorandum is to promote cooperation between the Association and the OIC and to memorialize the respective duties and responsibilities held by the Association and the OIC in connection with implementing the statutory requirements of Chapter 48.15 RCW and Chapter 284-15 WAC.

**2. RESPONSIBILITIES OF THE ASSOCIATION AND THE OIC.**

**2.1 The filing of affidavits under RCW 48.15.040.**

Pursuant to RCW 48.15.040(5) and WAC 284-15-030, when a surplus line broker procures insurance from an unauthorized insurer, the broker must execute and file an affidavit with the OIC within thirty (30) days after the insurance is procured. As a service to its members, therefore, the Association may serve as the initial recipient of the surplus line affidavits required to be filed with the OIC under RCW 48.15.040(5) and WAC 284-15-030 and registered by the Association pursuant to Association Rules 4 and 5, which are attached to this Memorandum for informational purposes. In performing this service, the Association acknowledges that it does not review the affidavits for truthfulness, accuracy, or validity; rather, in the course of collecting the affidavits, the Association only verifies that the affidavits are completed by the members and that notarized signatures are present on each of the affidavits. The OIC, in turn, will collect the affidavits from the Association, at least every thirty (30) days, and maintain them as may be required by law.

## **2.2. The payment of premium taxes under RCW 48.15.120.**

Pursuant to RCW 48.15.120(1), on or before March 1 of each year, each surplus line broker must remit to the Washington State Treasurer, through the OIC, a tax on the premiums transacted by the broker during the preceding calendar year. As a service to its members, therefore, by February 1 of each year, the Association will provide each of its members with information available from Association records regarding the amount of premium filed by class during the previous calendar year by each member. It is understood that this information is provided by the Association solely for purposes of assisting its members in making their required annual premium tax filings by the March 1 deadline in order to avoid the mandatory imposition of penalties under RCW 48.15.130 and RCW 48.14.060(1). The OIC, in turn, will serve as the initial recipient of all premium tax payments remitted by the surplus line brokers under RCW 48.15.120. Upon receipt, the OIC will promptly remit the premium tax payments to the Washington State Treasurer in accordance with RCW 48.15.120(1).

## **3. CONTACT PERSON(S).**

The Association and OIC will designate, as soon as possible after entering into this Memorandum, the individual(s) who will be the contact person(s) for purposes of handling all matters related to, or that may arise under, this Memorandum. Each party shall promptly notify the other if there is any change in the designated contact person(s).

## **4. PUBLIC RECORD.**

It is understood that this Memorandum is subject to public disclosure under the provisions of the Public Records Act, chapter 42.56 RCW.

## **5. TERM AND TERMINATION OF MEMORANDUM.**

This Memorandum shall remain in effect until terminated. This Memorandum may be terminated by either the Association or the OIC only upon thirty (30) days written notice. Termination shall not in any way affect the rights, duties, or obligations of the Association, its members, or the OIC with respect to complying with laws of the state of Washington and the provisions of Title 48 RCW and Title 284 WAC.

## **6. AMENDMENT OF MEMORANDUM.**

This Memorandum shall be reviewed by the OIC for purposes of compliance with state laws and regulations, updating, and/or revision at least every two years, but may be revised at any time with the mutual consent of the parties. This Memorandum may be amended only upon the written, mutual consent of both the Association and the OIC.

**7. ENTIRE MEMORANDUM.**

This Memorandum, supersedes, and otherwise replaces, all other existing memoranda, agreements, understandings, or representations, whether oral or written, between the signatories to this Memorandum. No waiver, alteration or modification of the provisions in this Memorandum shall be binding unless subsequently made in writing and signed by a duly authorized representative of the Association and the OIC.

**8. NONBINDING OBLIGATION.**

This Memorandum does not obligate funds, personnel, services, or other resources on either the Association or the OIC. This Memorandum is an expression of intent and understanding only. Both the Association and the OIC act as an independent party with respect to the performance of duties under this Memorandum and neither party represents that it is an employee, affiliate, partner, delegate, representative, or agent of the other party to the Memorandum. The Memorandum does not give a third party any benefit, legal or equitable right, remedy, or claim under this Memorandum.

**9. EFFECTIVE DATE.**

This Memorandum is effective on April 1, 2010.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed by their duly authorized representatives.

Surplus Line Association of Washington	Washington State Office of Insurance Commissioner
Dated: <u>3/8/10</u>	Dated: <u>3-10-2010</u>
Signed: <u>Robert R. Hope</u> Robert R. Hope Executive Director Surplus Line Association of Washington 1710 One Union Square 600 University Street Seattle, WA 98101 Phone: (206) 682-3409 E-mail: bob@surpluslines.org	Signed: <u>John F. Hamje</u> John F. Hamje Deputy Insurance Commissioner Consumer Protection Division Office of Insurance Commissioner 5000 Capital Blvd. Tumwater, WA 98501 Phone: (360) 725-7262 E-mail: johnha@oic.wa.gov